Yarmouk University
Faculty of Economics
Banking & Finance Department

The Performance of Jordanian Islamic Banks in Comparison with Commercial Banks during 2000-2006

"تقييم أداء البنوك الإسلامية الأردنية بالمقارنة مع البنوك التجارية خلال الفترة 2000-2006"

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Submitted in partial fulfillment of the requirements of the master's degree in banking and finance at Yarmouk University

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B.A in Banking and Finance Sciences – Al-Albayet University

Thesis Submitted in Partial Fulfillment of the Requirements of the Masters Degree in Banking and Finance at Yarmouk University.

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Dedication

This thesis is sincerely dedicated

To

My loving Parents,

My Supervisor Dr.Moh'd Ajlouni,

My Brothers,

My fiancée,

And

To

All who helped me in achieving this study

Acknowledgments

I am extremely grateful to Almighty, Allah who bestowed me the understanding and perseverance to make this accomplishment possible.

I would like to express my gratitude to my supervisor, Dr. Moh'd Ajlouni, whose expertise, understanding, and patience, added considerably to my graduate experience. I appreciate his vast knowledge and skill in many areas (e.g., vision, ethics, interaction with participants), and his assistance in writing reports (i.e., proposal, and this thesis), which have an occasion made me "GREEN". I would like to thank the other members of my committee, Prof. Ali Al-Magableh, Prof. Waleed Hmedat, and Prof. Said Halaq for the assistance they provided at all levels of the research project. Finally, I would like to thank my family for their support, encouragement and motivation they provided me throughout my entire life.

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List of Abbreviations

JIBFI	Jordan Islamic Bank for Finance and Investment
IIAB	Islamic International Arab Bank
FRA	Financial Ratio Analysis
DEA	Data Envelopment Analysis
BIMB	Bank Islam Malaysia Berhad
ROA	Return on Assets
ROE	Return on Equity
DER	Debt-Equity Ratio
EM	Equity Multiplier
DR	Debt Ratio
LDR	Loan-Deposit Ratio
IBBL	Islamic Bank Bangladesh Limited
SIBL	Social Investment Bank Limited
FIBB	Faysal Islamic Bank of Bahrain
UAE	United Arab Emiratis
JD	Jordanian Dinar
ATM	Automated Teller Machine
CAB	Cairo Amman Bank
JKB	Jordan Kuwait Bank
ABC	Arab Banking Corporation
PER	Price Earnings Ratio
CDR	Cash Deposit Ratio
LDR	Loan Deposit Ratio
US$	United States Dollar
CA	Current asset
CL	Current Liability
CAR	Current Asset Ratio
DMU	Decision Making Units
PER	Price Expense Ratio
CR	Current Ratio
I/O	Input-Output Ratio
CCR	Charnes, Cooper and Rodes

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Abstract

The Performance of Jordanian Islamic Banks in Comparison with Commercial Banks during 2000-2006

By Mohammed Al-Yahia

Supervisor

Dr. Moh'd M. Ajlouni

This study aims, firstly; to evaluate the performance of Islamic banks in comparison with commercial banks in Jordan, secondly; to compare the performance of the two Jordanian Islamic banks against each other. These two processes have been carried out on the basis of Financial Ratio Analysis (FRA) by using Data Envelopment Analysis model (DEA). The financial ratio analysis involved the employment of profitability ratio, liquidity ratio, risk and solvency ratio. Another model has been used in the analysis to support the accuracy of the study results (or outcome).

The two tests showed the same results with regards to the analysis of the banks' performance. It became clear that commercial banks perform better than Islamic banks. The sample of the study has been divided into two groups; it's contained the two islamic banks in addition three commercial banks chosen depend on their total assets that are most close to the total assets of these islamic banks, the first included the Jordanian

Islamic Bank for Investment which was compared with two commercial banks; the Jordanian Kuwaiti Bank and Cairo Amman Bank. The second group included the International Islamic Arab Bank, which was compared with Arab Banking Corporation; the result in both groups was that commercial banks are more effective and had better performance than Islamic banks.

This study has also compared the two Islamic banks performances against each other; it became clear that the International Islamic Arabic bank had performed better than the Jordanian Islamic Bank for Investment.

The study has recommended improving the profitability and liquidity ratios in the Islamic banks in Jordan, and has also recommended improving and developed the customer service in them. The problem of the study can be best described in the terms of the following question: how the Islamic banks are performed in comparison with commercial banks.

The importance of this research stems from the fact that studying the performance of Islamic banks in comparison with commercial banks in Jordan has not been subjected to sufficient research.

Chapter One

Introduction

Chapter one
Introduction

1-1 Preface

Commercial banks started operating early in Jordan before the Islamic banks. The establishment of the first Jordanian commercial bank (Arab Bank) dates back to the early thirties of the last century. It was not until 1978 that the first Islamic bank has started to operate in this country, when Jordan Islamic Bank for Finance and Investment (JIBFI) was established. This type of banks was created to satisfy an increasing need in the Jordanian banking market, for a bank that operates according to the principles of Islamic economy. This need kept growing, and led to the establishment of another Islamic bank in 2001, the Islamic International Arab Bank (IIAB). Currently both banks have branches covering all over the country.

The current study aims to evaluate the performance and efficiency of these two banks during the period 2000 – 2006 this period was tacked to cover a several years to get a good judgment and cover the start of the new millennium. The evaluation process will be carried out by comparing these two banks with other commercial banks, which resemble them in terms of capital and size. It also aims to measure the Islamic banks ability to survive, compete and to grow in the Jordanian banking market.

This study will adopt financial ratio analysis (FRA) and Data Envelopment Analysis (DEA) methodologies for the purposes of evaluations and comparisons.

1-2 Problem of the Study

The problem of the study can be best described in terms of the following question: how the Islamic banks are performing in comparison with commercial banks using (FRA) and (DEA), and how representative are these measures. In this study we have to keep in mind that the number of Islamic banks is less than that of commercial banks.

1-3 Importance of the Study

The importance of this research stems from the fact that studying the performance of Islamic banks in comparison with commercial banks in Jordan has not been subjected to sufficient research.

This study will present the performance of Islamic banks in numbers, which are accessible and easy to understand for any layman. This would enable them to make an informed decision when it comes to interesting and dealing with Islamic banks.

1-4 Objectives of the Study:

The main objectives of this study are:

1. To understand how Islamic banks operate.

2. To measure the performance of Islamic banks.

3. To compare how well Islamic banks are performing, in comparison with commercial banks.

4. To relate Islamic banks performance to their riskiness.

1-5 Study Hypotheses

After reviewing the related literature concerning Islamic and commercial banks, the following main hypotheses are developed and will be investigated:

A. Performance Hypothesis

1. H0: Applying financial ratio analysis (FRA) would indicate that there is no significant difference between the performance of Islamic banks and of commercial banks.

   H1: Applying (FRA) would indicate that there is a significant difference between the performance of Islamic banks and of commercial banks.

2. H0: Applying (FRA) would indicate that there is no significant difference within the performances of Islamic banks included in the sample.

H1; Applying (FRA) would indicate that there is a significant difference within the performances of Islamic banks included in the sample.

3. H0: Applying Data Envelopment analysis (DEA) would indicate that there is no significant difference between the performance of the Islamic banks and of commercial banks.

   H1: Applying (DEA) would indicate that there is a significant difference between the performance of Islamic banks and of commercial banks.

4. H0: Applying (DEA) would indicate that there is no significant difference within the performances of Islamic banks included in the sample.

   H1: Applying (DEA) would indicate that there is a significant difference within the performances of Islamic banks included in the sample.

B. Risk Hypothesis

5. H0: Risk of Islamic banks is similar of Commercial banks.

   H1: Risk of Islamic banks is different of Commercial banks.

6. H0: The riskiness of Islamic banks included in the sample is similar.

   H1: The riskiness of Islamic banks included in the sample is varied.

1.6 Structure of the Study

The remainder of this study is organized as follows: Chapter two introduces a brief review of the related literatures. Chapter three presents basic study concepts, including concept of Islamic banks, fund resources, financial services, the relationship with the Central bank, and the relationship among Islamic banks. Chapter four presents an institutional background about banks included in the sample. Chapter five presents the data and methodology used in the study the methodology was consist tow models the (FRA) and (DEA). Chapter six presents the analysis and empirical results, while the last chapter summarizes and concludes the study.

Chapter Two

Literature Review

2-1 Preface

There are many studies that examined bank performance with different methodologies. And there are studies which are concentrating on the Islamic banks performance or, effectiveness and the nature of their working. This chapter reviews previous studies that are related to this study. This chapter is sup divided in two segments: the first segment is the international studies and the second segment is the Arabic studies.

2-2 International Studies:

Pak and Huh (1993) analyzed the Korean banks' performance over the period 1989-1993. This study used the financial ratio analysis (FRA). The sample consisted of 8 Korean banks compared with other banks in the State of California USA. Other banks included Asian banks, other Korean banks owned by Chinese and Japanese and American banks owned by other ethnic groups of Americans (white American). The results indicated that Korean banks are relatively conservative in managing operations and lending and are more actively involved in their services for international business and sales activities in loans. In addition, Korean banks' loan quality was relatively low and their loan market appears to have been saturated. This study applied FRA only, and did not take in to consideration other analytical methods, and it covered a shortly period.

Young and Hasan (1994) examines the profit efficiency of US banks chartered between 1980 and 1994. This study used the financial ratio analysis and other software data envelopment analysis. The study results suggested that profit efficiency improves rapidly at the typical de novo bank during its first three years of operation. But on average, it takes about nine years to reach an established bank levels. The study found that the average established bank is about 50% profit efficient, an estimate that is slightly lower than those found in most previous studies of bank profit efficiency. The average de novo bank, however, is only about 12% profit efficient after its first full year of operation. This study is good one because it used two analytical models; also it's covered long period.

Aggarwal and Yousef (1995) studied the financial instruments used by Islamic banks. Their study used many models like data envelopment analysis and theoretical research to measure the best way to investment and financing in Islamic banks as a methodology. The researchers studied the optimal set of the financial instrument for banks (especially Islamic banks) operating in environments characterized by agency problems and incomplete contracts. They found that although Islamic banks are or should be based on the profit and loss sharing principle, given the economic environment in which they operate using only one type of financing may not be possible. The use of markup contracts is a rational response to informational problems. Thus the informational environment will be more

important determinant of the evaluate banking and growth in Muslim countries than will attempts to impose financial systems based on specific religious principles. This study depended on DEA model only and ignored the other analysis models such as FRA.

Samad and Hassan (1997) evaluated the intertemporal and interbank performance of the Bank Islam Malaysia Berhad (BIMB) in terms of profitability, liquidity, risk and solvency and community involvement for the period 1984-1997.They applied the financial ratio analysis in measuring the performance, and used ANOVA T-test and F-test to determine the significance. The study found that BIMB is relatively more liquid and less risky compared to a group of 8 commercial banks. Their analysis of the primary data identified reasons why the supply of loans under profit sharing and joint venture profit sharing is not popular in Malaysia. 40% to 70% of bankers were surveyed indicated that lack of knowledgeable bankers in selecting, evaluating and managing profitable project is a significant cause. The results of their studies the examination of various performance measures and the inter-temporal comparison of BIMB's performance reveal that Islamic bank made (statistically) significant progress on return on assets (ROA) and return on equity (ROE) during 1984-1997. The average ROA, PER and ROE during this period were 0.43, 21.5 and 8.07 respectively. The comparison of BIMB with a group of conventional bank on ROA and ROE does not show (statistically) any

difference in performance. However, interbank comparison of liquidity performance suggests that Islamic bank appears to be statistically more liquid compared to a group of 8 commercial banks at least in cash-deposit measure. Found that BIMB risk increased and is statistically significant in debt-equity (DER) and equity multiplier (EM). However, the comparison of Islamic bank and a group of commercial bank indicate that Islamic bank is still less risky and more solvent measured in Debt-Equity Ratio DER, Debt Ratio DR, Equity multiplayer EM and Loan-Deposit Ratio LDR. The difference in risk measured in debt-equity is statistically significant. Although the means of other measures such as EM and LDR of the Islamic Bank are lower compared to a group of conventional banks, they are not statistically significant. This study compared between Islamic banks and commercial banks in an easily and understandable manner by using the FRA, but it ignored other analytical methods.

Sarker (1999) examined the performance problems and prospects of the Islamic banking in Bangladesh. The study showed that Islamic banks cannot operate with its full efficiency level if they operate under a conventional banking framework. Their efficiency goes down in a number of dimensions. The deterioration is not because of Islamic bank's own mechanical deficiencies, but rather it is the efficiency-blunt operations of the conventional banking system that puts obstructions to efficient operation of Islamic banks. The methodology is used the Banking

Efficiency Model, Investment Opportunity Utilization Test and Profit Maximization Test, Project Efficacy Test (Loan Recovery Test and Test of Elasticity in Loan Financing).The sample consists of five Islamic banks operating in Bangladesh: Islamic Bank Bangladesh Limited (IBBL); Al Baraka Bank Bangladesh Limited (Al-Baraka); Al-Arafah Islamic Bank Limited (Al-Arafah); Social Investment Bank Limited (SIBL); and Faysal Islamic Bank of Bahrain EC (FIBB).The results of the study were that the Islamic banks can provide efficient banking services to the nation if they are supported with appropriate banking laws and regulations. It would be better if Islamic banks had the opportunity to work as a sole system in an economy. That would provide Islamic banking system to fully utilize its potentials. Having been considered the pro-efficiency character of Islamic banking and its beneficial impacts on the economy, government policy in Bangladesh should be in favor of transforming conventional banking system into Islamic banking. It is reasonable to assume that risks involved in Mosharkah or Modarabah financing are different from those involved in trade-type financing. It follows, therefore, that prudential regulations of these transactions should be different. Finally, it may be mentioned that if the Islamic financial system is to become truly liquid and efficient it must develop more standardized and universally (or at least widely) tradable financial instruments. Also this study depended on one analytical model.

Zaman and Movassaghi (2001) reviewed the growth of Islamic banking since its inception nearly four decades ago. They examined the major products/services offered by various Islamic banking institutions as well as analyzing such institutions' financial performance based on the latest data available. The main objectives of this paper were to review the growth of the Islamic banking on a global basis, assess its performance based on the latest financial data available, discuss its salient products/services, evaluate them for likely departures from traditional Islamic principles, and offer suggestions for improvement based on the experience of the authors and evidence provided by other recent studies in this area. The study concluded that some of the practices and the financial instruments used by the Islamic banks do not seem to conform to the commercial Islamic principles. This study interested with the growth rate rather than performance.

Kazaj and Sadeqi (2003) examined the ability of Islamic banks in financing monetary. Some people believe that, Islamic Banking cannot satisfy the requirements of monetary sections of economy, while others are talking on success of Islamic Banking. It is important to note that, the comparison of these methods of banking system should be done at the same conditions. To do this comparison, Efficient Islamic Banks must be found, and then compared with commercial banks, because the experience of conventional banking system is more than Islamic ones. Therefore the

introduction of Efficient Islamic Banks, which are patterns for other Islamic Banks, is necessary. To this reason, the research introduced efficient Islamic Banks throughout the world in years 2000 - 2001. The methodology of this study based upon using Data Envelopment Analysis method that is an instrument to achieve the Efficiency of Decision Making Units. They study identified (41 banks in 2000 and 46 banks in 2001) efficiency of Islamic banks in the world. Also this study covered a short analysis period, and also used one analytical model.

How et al. (2005) examined whether Islamic financing can explain three important bank risks in a country with a dual banking system: credit risk, interest-rate risk, and liquidity risk. Using Malaysian data, they found that commercial banks with Islamic financing venue have significantly lower credit and liquidity risks but significantly higher interest-rate risk than banks without Islamic financing. There is also evidence that bank size is significantly related to credit risk; the proportion of loan sales to total liabilities and bank size are significant determinants of interest-rate risk Off-balance-sheet financing, the extent of securitization, loan volatility, bank capital, and bank size are statistically significantly related to liquidity risk. They examine whether Islamic financing is related to the three risks by studying a sample of 23 commercial banks in Malaysia over the period 1988-1996. Other possible determinants of these bank risks are also explored and tested. They focused on the Malaysian banking system, as it

is unique in having both conventional and Islamic interest-free mechanisms operating side by side. Also, Malaysia has developed the most sophisticated and successful transition of its banking sector to accommodate Islamic banks. The results indicated that Malaysian banking system is unique in that it has both the conventional and the Islamic interest-free mechanisms operating side by side. The results suggested that interest-rate risk management should be of concern to the Malaysian Islamic banking system. How et.al focused on Islamic banks performance from the risk side and ignored the other sides in measuring performance.

2-3 Arabic Studies:

Abdel-Hameed and Bashir (2001) examined the determinants of Islamic banks' performance across eight Middle Eastern countries between 1993 and 1998. A variety of internal and external banking characteristics were used to predict profitability and efficiency. Data used in this study are cross-country bank-level data, compiled from income statements and balance sheets of14 Islamic banks each year in the 1993-1998 periods in eight countries. The Model introduced the set of variables that are expected to affect the performance of Islamic banks. Capital ratios, leverage, overhead, loan and liquidity ratios, and foreign ownership as proxies for internal measures Controlling for macroeconomic environment, financial market structure, and taxation, the results indicated that high leverage and large loans to asset ratios lead to higher profitability. The

results also indicated that foreign-owned banks are more profitable than their domestic counterparts. The results allowed shedding some light on the relationship between banking characteristics and performance measures in Islamic banks. First, the Islamic banks profitability measures respond positively to the increases in capital and loan ratios. Second, the results also indicate the importance of customer and short-term funding, non-interest earning assets, and overhead in promoting banks' profits. Third, the results suggest that the tax factors are much more important in the determination of bank performance. The negative effect of the reserve tax indicates the opportunity cost of holding reserves. However, it should be acknowledged that the scope of the study is limited as several Islamic banks are not included and several interesting questions are not answered. Also, because of the size of the sample and many missing observations, the results should be interpreted cautiously. This study interested with the efficiency rather than performance, also it has some weaknesses such as using one analysis model.

Al-Maghaireh (2005) examined the performance of Islamic banks in terms of profitability, liquidity, risk and solvency and efficiency in United Arab Emiratis (UAE) over the period 2000-2004. Financial ratios are applied in measuring these performances. The study found that the UAE Islamic banks are relatively more profitability, less liquid, less risky, and more efficient compared to the UAE commercial banks. Data used in this

study are a bank-level data, compiled from income statements and balance sheets of 3 Islamic banks and 5 non-Islamic banks each year in the 2000-2004 periods. In order to see how Islamic banks performed in comparison with the conventional banks over 5 years, this study uses 11 financial ratios for bank's performance. These ratios are grouped under four broad categories. The analysis of bank performance concentrates on the following on four financial ratios: profitability, liquidity, risk and solvency, and efficiency. Results showed that Islamic banks in the UAE are different from conventional banks from the perspective of the financial performance, and the alleged benefits of Islamic banking do not exist in theory only. Because there are two important implications associated with this finding: First, the key reason for the rapid growth in Islamic banking in the UAE during the past decade is likely to be associated with the attributes of the Islamic profit -and-loss sharing banking paradigm. Second, the UAE Islamic banks in practice are differ to the UAE conventional banks, and, as such, should be regulated and supervised in a different fashion. Also this study applied FRA and ignored other analysis models in measuring performance.

2-4 Note

Most previous studies investigated the performance of Islamic banks in comparison with the commercial banks. But all these studies focused on one analytical method either FRA or DEA. Therefore, this study investigates the performance of Islamic banks in comparison with the commercial banks and it applied DEA model in addition to FRA in measuring performance. Also this study is among the pioneering studies that investigate the performance of Islamic banks in Jordan. Also it compared among Islamic banks in addition to the comparison between Islamic banks with commercial banks.

Chapter Three

Theoretical Framework

Chapter Three

Theoretical Framework

3-1 Introduction

In the current time, there is no doubt that banks have become one of necessities for economic life. They collect and attract funds from people and meet investors' need in financing their economic projects. This is the main and basic function of banks however; there are other functions of the banks as complimentary role in facilitating economic life affairs.

It has been agreed that some activities practiced by commercial banks nowadays are prohibited in the Islamic principle (not Halal). This leads to the establishment of Islamic banks, which operate according to Islamic Sharia' instead of Ribawaya banks, and developed according to Sharia' basics and principles. This chapter will introduce the concepts of Islamic banking as well as outlining its main source uses of funds.

3-2 The Concept of Islamic Banks

- Islamic bank is defined as a financial institute that carries out financial businesses and financial services, and attracts financial resources and employs them effectively to boost them and to achieve the maximum outcome from their employment, and to achieve the objectives of economic and social development under the frame of the Islamic law.

- An Islamic bank is a financial and banking organization collects, uses money to build up complementary Islamic society, and sets up justice distribution of the role of money in Islam. This organization does its financial work while avoiding dealing with Riba or interest because it's prohibited in Islam, and avoiding any work breaking Sharia' principles, (Obada, 2008, p 25).

- Islamic banking refers to a system of banking or banking activity that is consistent with the principles of Islamic law (Sharia) and its practical application through the development of Islamic economics. Sharia prohibits the payment of fees for the renting of money (Riba) for specific terms, as well as investing in businesses that provide goods or services considered contrary to its principles (Haraam). While these principles were used as the basis for a flourishing economy in earlier times, it is only in the late 20th century that a number of Islamic banks were formed to apply these principles to private or semi-private commercial institutions within the Muslim community, (Shebeer, 1996, p28).

It makes clear that the definition of Islamic bank including many elements. The more prominent are:

A) Islamic bank is financial organization as other type of banks.

b) Islamic bank provides financial services, current accounts, and investment deposits in accordance with islamic Sharia'.

c) What distinguish Islamic bank from others is the islamic dimension in collecting and using the resources.

d) The Islamic bank aimed at achieving development justice and social solidarity, (Obada, 2008, p 27).

3-3 The Resources of Islamic Bank Funds

The banks are financing intermediaries. There is no difference between Islamic bank and non- Islamic bank. That is all financial organizations offering financial services. So, the financial aspect of them is represented as the most resource for their facility and management, carrying out their works and services, (Ajlouni, 2008, p110).

They collect deposits and attract savings as the main resources of bank money in addition to bank equity capital.

The money resources of the Islamic bank can be divided in two main parts: the first one is self-resource (internal): including the paid in capital of bank reserves, and retained earnings. The second is external resource which represents as a large part of bank resources, including deposits of different types. Some external funds of Islamic banks are also Islamic investment bonds, account covering funds documents, financial guarantees, credit cards, insurance letters, almsgiving boxes resources, charities, services and grants. The approval of Islamic bank regarding these deposits is represented as financial product which the bank provides to its customers.

Therefore, it is part of financial products that are provided by the Islamic bank as well as by traditional banks, (Ajlouni, 2008, p173).

Islamic banks participate with commercial banks in the following services and investments:

Services: some aspects are as follows:

A. Wages and salaries payroll of employee.

B. The financial transfers from one destination to another.

C. Exchange currencies.

D- Also it provides loans for student and poor people but without interest, which is known as Al- Qard Al-Hassan, (Watyan: 2000, p 87).

3-4 Financial Services of Islamic Bank

1- Deposits:

Bank is considered the only organizations commonly and legally responsible for accepting deposits. These deposits are considered as more important and competitive ones among the banks to gain more much.

The financial deposits are defined as money from individuals and organizations to bank; the bank is responsible to pay its value back themselves or the equal under order or according to approved conditions and terms.

The deposits are accepted in Islamic banks through following accounts:

a- Current account

b- Saving account

c- Time deposits

a- Current Accounts (Demand Deposits):

This account provides its owner the right to withdraw the deposited money any time and upon his demand. In other words, money deposit in banking institution can be withdrawn at any period of time, but the main difference in this account between the commercial banks and Islamic banks is that the commercial bank clients carrying an interest reached 2%, but Islamic bank clients don't carry any interest.

b- Saving Accounts:

Customer aims from these accounts at saving and investment. The customer authorized the bank to invest their money based on general Modarabah. Deposits are the amounts of money deposited in bank for unlimited or limited period for investment. Bank works depends on unrestricted (Mutlaqa) Modarabah. The customer is the owner of the capital and the bank is the worker (Modareb). The profits of saving account are divided between capital owner (customer) and Modareb (bank) in accordance to upon agreed percent. But the loss if occurred, owner is responsible for this loss without paying the bank for its effort, nor the bank is assuming the loss.

The bank searches for the best fields of investment. The money and experience cooperate in developing national economy. This conforms exactly to Islamic guidance in terms of keeping up the capital of society and its good use, (Watyan, 2000, 103).

C-Time Deposits:

Is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time. When the term is over it can be withdrawn or it can be held for another term. Generally speaking, the longer the term the better the yield on the money, also in Islamic banks, money can't be withdrawn until the end of the term, and investing these accounts in allowed (Halal) investments. But the losses if occurred, the accounts owners will carry a certain amount of this losses, (Watyan, 2000, 105).

2- Money Transfers:

This operation indicates the shifting of the money or accounts from one account to another, one bank to another and from one country to another. What follows that is the transforming of the national currency to foreign currency or transforming the foreign currency to another foreign currency, (Shebeer, 1996, p277).

3- Collecting Commercial Documents:

Commercial documents are stable contracts for dealing, representing money that shall be paid after short period; these are commonly approved as loyalty instrument.

Collecting of commercial documents means that the bank is the deputy of customer in collecting money represented as in commercial documents from lender registered in customer account or submitting cash , (Watyan, 2000, 106).

4- Selling and Buying Foreign Currencies:

This process means selling and buying foreign currencies whether in fixed or float exchange rate. The Islamic banks are not different from other banks except following the terms determined by Islamic scholars to be allowed immediately and fully, (Watyan, 2000, 106).

5- Renting Safe Boxes:

This is a contract in which the bank is responsible for safeguarding valuables in rented room used by customer only against rental that varies according to safe size and the period of customer use, (Watyan, 2000, 107).

6- Guarantee Letters:

These are written commitment in bank in which it guarantees certain amount to be paid to a third party. Instead of paying cash money by a

customer as back-paid guarantee for his commitment, he presents the guarantee letter for the required amount. The guarantee letter is sponsorship whether by sponsored order or without order. That if there was money for guarantee presented by guarantee order seeker, the relationship existing between both of them is a power of attorney. The sponsorship in Islam is one of grace works (Al-Kheer) without paying a rent, but the power of attorney is allowed with paying a rent. Therefore, the commission that received by Islamic bank is the power of attorney not sponsorship, (Watyan, 2000, 108).

7- Letter of credit:

When the customer wants to import goods from abroad, will contacts an exporter, consents upon selling costs, sends primary invoice including the type and value of goods. Then, the importer orders the bank, fills order of open loan, writes all his information, signs and encloses primary invoice. The letter of credit has been opened in Islamic bank depending on All- Morabaha in which the bank buys this good on the demanded price , then the bank adopt the import procedure by dealing with the bank in the exporting country , (Watyan , 2000, p109).

3-5 Islamic Bank Investment

1- Modarabah

It is a dual contract between owner of the capital and a worker, whether individuals or groups. That is the capital is paid by a person and the work carried out by another. The first is called the owner of capital and the second called Modareb, (Watyan: 2000, p 121).

2- Morabaha

It is selling something of original price in addition to increased information for buyer which is represented as marginal return for seller, which is one of selling types of royalty that is one of selling contracts. Some conditions and terms are identifying product characteristics mentioning its disadvantages, identifying the main price and cost of products, identifying the amount of returns. The selling of product must be intent for money, (Ajlouni: 2008, p 237).

3- Mosharkah

Islamic Banks use and invest their money in commercial, industrial, agricultural in collaboration. It means that two or more banks share in money among them in the field of agricultural or commercial or industrial or services field, the installment of returns among them according to certain percent of return, without providing that equality shall be in money shares

among but risk is only according to percent of capital shares, (Tayle, 1999, p189).

4- (Ejarah) Lease

Lease allows objects ownership for limited period for declared material compensation. That is the cost of utility or instead of use or utilization of one of stable states according to limited rental and period, then rented turned back to the owner, (Ajlouni, 2008, p 26).

Its types:

1- Specified Ejarah: a car lease or apartment.

2- work Ejarah : persons shall be used to do certain work

3- Ownership Ejarah: that bank rents something as car to person for limited period for certain rental more than ordinary rental, that he owns it after the end of period and paying all shares.

5- Selling in Settlements

This type of selling could be on price of product if it is paid, or may be more than cost that the seller says to buyer the product price is one hundred if the cost was paid immediately and one hundred and five if it is paid after six months. The two parties agreed and the selling carried out selling on this basis or may be pay a part of cost and the rest is paid in settlements, (Watyan, 2000, p 132).

6- (Al- Muzarah) Farming

It is a contract to plant agriculture products according to yield conditions and terms. This is a company in farming, in which the worker pays and the farming is done by both of them. The worker in land depends on his dealing the size of yield that is with limited share for limited period.

7- (Al- Musaka) Watering

The contract depends on planting, farming, watering and gathering fruits of tree, with gaining a part of their fruits.

The contract of partnership between tree or plants owner and farmer continues for limited period for common part of yield.

8- (Al- Istisna'a) Manufacturing

That is selling limited good for lending, no work is sold, and the term of work is manufacturer. So, it is selling contract of good that is manufactured in which the seller is a manufacturer who creates limited good in accordance to contract and the materials from him for limited cost, (Ajlouni , 2008, p 283).

3-6 The relationship between Islamic Bank and Central Bank

From the first minutes, the relationship between Islamic Bank and Central Bank begins to establish the Islamic Bank because the Central Bank is responsible for granting Bank approval and license and practicing

banking activities. This relationship continues during the Islamic Bank experience because it is a part of knowledge system that is one of financial organization in country.

Central Bank has the main monetary authority in economy; a large part of its function depends on Banks observation, issuing special instructions to keep achieving the objectives of financial policy that is adopted by it. So, the Islamic Bank must deal with Central Bank even the Central Bank follows capital system and deals with interest.

We can summarize the relationship between Islamic Bank and Central Bank in Capital System as follows:

1- Central Bank shall order other Banks including Islamic Bank to deposit with limited percent of deposits total paid cash; this is called compulsory cash reserve.

2- The central Bank is the last resort for banks lending with interest in which cash was increased for banks, the Islamic Bank can't deal with Central Bank according to this article due to interest. Jordan Islamic Bank deposits stable amount of money in Central Bank with interest. The Central Bank lends Islamic Bank when necessary without interest as loan without interest.

3- Central Bank lends from banks when it sells bonds with interest, the Islamic Bank shall deal with them whether they are considered Riba' .These not existed for it.

4- The Central Bank Offers encouraged discount to provide exports on interest which the Islamic Bank can't benefit from.

5- Islamic Bank determines the maximum of credit that banks offer in limited period to decrease risks of bank money.

Here, there is no difference between commercial bank and islamic one.

6- Also, to save and protect depositor's money, Central Bank determines the percent of capital turnover which the percent of capital to all deposits now is determined with 12% (Ajlouni, 2008, p145).

3-7 The Relationship Among Islamic Banks

Islamic Banks can be cooperated with each other in many matters:

1- Shared investment in large projects

2- Establishing Islamic insurance company which is cooperative to insure the products and transportation of states, which can be related to Islamic Bank investments.

3- Establishing current deposits assurance for Islamic Bank on cooperative Islamic basis.

4- Dealing among each other depends on loan without interest.

5- Cooperation in Studies fields, researches, training that are related to Islamic financial activities.

6- Coordination and unification of work systems, banking forms, special base for activities and banking activities

7- Sharing in raising awareness campaigns to issue the idea of banking dealing depending on Islamic basis, (Ajlouni, 2008, p 147).

Chapter Four

Institutional Background

Chapter Four

Institutional Background

4-1 Preface:

This study attempts to examine the performance of the Islamic banks in Jordan in comparison with other Jordanian commercial banks. The sample of the study includes all Islamic banks and three commercial banks in Jordan. Therefore, to make the study more clear and understandable, this chapter presents an explanation about the banks included in the sample.

4-2 Jordan Islamic Bank

Jordan Islamic Bank for Finance and Investment was established as a public shareholding company on 28th November, 1978 and was licensed to practice financing, banking and investment activities in compliance with the provisions of the glorious Islamic Sharia and in accordance with the provisions of Jordan Islamic Bank's Special Law, which was superseded by one chapter on Islamic banks in the Banks Law which was issued on 1/8/2000. When the Bank's first branch commenced business on 22/9/1979, the paid-up capital did not exceed JD 2 million of its authorized capital of JD 4 million, but with favor from Allah the

paid up capital of the Bank now is JD 65 million (about USD 92 million).

The Extraordinary General Assembly has approved in its meeting held on 30/4/2006 the amendment of 5th and 11th articles of the Articles of Corporation to increase the Bank's Capital by JD 25 million to be JD 65 million/share (about $92 million) according to the following:

- Capitalizing the sum of 10 million JDs/shares from the profits or /and other reserves, free quarter of a share for each share.
- The special subscription for the Bank's shareholders with the amount of 15 million JDs /share with a nominal value of one JD and a premium of one JD. And amending the number of the Board's members to be 9 instead of 7.

The bank continued in providing its investment financial and banking services through its branches covering different areas of the kingdom which reached (56) branches and (9) cash offices in addition to the bonded house and public utilities reached 66 ATM'S throughout Jordan.

Since its establishment, the bank succeeded in maintaining its growth momentum and in establishing itself as one of the leading banks in Jordan

by providing all kinds of banking and investment services to its clients in accordance with the provisions of Islamic Sharia, which applies a concept of economy different from the conventional concept especially with respect to the role of money. The Bank has been always a pioneer in every new in the banking field and coping with the development for improving and updating its services.

The Bank has recently obtained the ISO (9001:2000) in management systems in addition to the bank's rating increase from (BB+ Stable) TO (BBB-Stable) pursuant to capital intelligence reflecting the strong performance of the Bank in different production and management related issues and represents a new push towards achieving its future objectives in terms of improving, updating and developing its services in order to achieve an excellent level in compliance with the Bank's mission and with the principles of glorious Islamic Sharia. The number of customer's active accounts thought the bank's network of (66) branches and offices, has reached (589) thousand accounts, the number of the Bank's employees has reached (1498) and the outstanding number of financing transactions was (99) thousand transactions at the end of the year (jordanislamicbank.com, august 2008).

4-3 Islamic International Arab Bank

The Islamic International Arab Bank commenced its banking operations in accordance with Islamic Sharia rules on the twelfth day of Shawal 1418 AH, corresponding to 9 February 1998, to meet the growing demand for Islamic banking services and products.

The Islamic International Arab Bank was established in the Hashemite Kingdom of Jordan as a public shareholding company in accordance with the companies Law of 1989 and the company was registered in the Register of Public Shareholding companies under No. 327 on 30 March 1997.

The bank operation

1) Morabaha Financing

The bank purchases commodities, equipments, or appliances upon the client's request and specifications. The client commits to purchasing the commodity for its cost price in addition to the agreed upon profit. The amount may be settled in one payment or in installments. This type of financing may be used for:

- Automobiles
- Construction Materials
- Raw Materials

- Equipments and Appliances
- Trade Goods
- Long- term Goods and Furniture

2) Islamic Lease Financing (IJARA)

Upon customer request, the bank purchases tangible assets such as real estates, boats, planes, appliances...etc. The bank promises to Lease the asset to the client for use in exchange for periodic rent. The ownership of the leased asset will be transferred to the client after completion of the renting period as a gift from the bank with no compensation. Clients may also use Ijara financing to purchase homes and apartments with the following privileges:

- Competitive, Shari'ah-compliant rental rates
- Generous lease period up to 20 years
- Easy monthly installments
- Free participation in the Mutual Exchange Insurance Program
- Free real estate insurance
- Opportunity to obtain financing to purchase a kitchen or furniture
- Free VISA card for the first year
- The bank commits to transfer the ownership of the apartment, real estate, or rented asset upon full payment.

3) Modarabah Financing

Modarabah Financing is a profit-sharing contract consisting of a capital investment from the Bank and a labor investment from the client. In accordance with its terms, the Bank puts forward the necessary capital to finance a specific project, whether partially or in full. The client undertakes the necessary labor such that the profits are shared through agreed upon percentages. The client can only face a loss if any negligence or infractions are revealed; in the case of unsuccessful project, the client loses the labor invested, while the Bank loses its capital investment, as circumstances demand.

4) Mosharkah Financing

Jurists define Mosharkah as a contractual agreement between two partners with regard to both capital and profit. Mosharkah is one of the most important models of Islamic investment practiced by IIAB. The Bank takes an active role with its partner in studying and deliberating over the intended project from technical, Shari'ah, and social aspects. The Bank also allows the client the chance to take full ownership of the project, by purchasing shares in installments.

5) Istisna' Financing

The client approaches the bank with a request for financing for a specific technical/industrial project, presenting all technical designs and plans, as well as all general and specific conditions that relate to the project after consulting a specialized engineering consultancy office. After the Bank's agreement to the request, a contract is prepared detailing the project specifications, as well as the cost of the project and the payment plan to which the client commits, whether monthly installments or full payment. A separate contract is prepared between the bank and a "contractor", by which the contractor commits to carry out the project in accordance with the design and specifications previously outlined (iiabank.com.jo, august 2008).

4-4 Cairo Amman Bank

Cairo Amman Bank (CAB) was established on January 14, 1960 as a Jordanian public shareholding company and began its banking services on July 1, 1960. CAB's first branch launched in Palestine was in 1986. CAB is currently ranked 6th in Jordan and 2nd in Palestine with regard to amount of assets. It is also ranked 3rd in Palestine with regard to the number of branches it has. CAB's branches are equally distributed across the Kingdom and connected through a network that allows clients to complete their

financial operations from any of CAB's 65 branches and offices in Jordan and Palestine. CAB enjoys a solid financial base. It's paid up capital of JD75 million, with the total shareholders' equity reaching JD141, 172,677as of September 30 2007. CAB offers a wide range of banking, commercial, investment and individual services. Throughout the years, the bank conducted a number of pioneering projects such as funding and giving loans to the less fortunate, providing personal loans through transferring salaries in addition to investment services, credit cards and rapid money transfers-Western Union. All CAB's strategies and plans are created and prepared with one goal in mind: Empowering the Jordanian economy and improving the lives of citizens (cab.jo, august 2008).

4-5 Jordan Kuwait Bank

Jordan Kuwait Bank (JKB) was established in 1976 as a joint investment by Jordanians, Kuwaitis and other Arab investors. The Bank's mission is to provide the highest level of quality banking and financial services to its clients. The Bank had to invest heavily in modern computers and equipment, and reached to the point where all its banking activities are automated and the latest technology of the time is used such as: On-line stock trading / Real time inter-branch communications, banking via SMS, SWIFT, ATMs, Phone banking, Internet banking and Mobile banking. In addition to providing all traditional financial services, the management of

the bank is focusing its effort toward developing new credit programs. In this regard, the Bank had increased its participation in syndicated loans and enlarged the scope of other direct and indirect credit activities. Furthermore, the Bank has been active in supporting small businesses by providing soft loans at reduced interest to those who qualify. Out of its belief in the important role played by the banks in the development of the national economy, the Bank is seeking opportunities to act as a liaison and to cooperate with international corporations that perform major projects in the country. Jordan is approaching a new era, and with the peace and the general atmosphere of trust and co-operation, many investment opportunities will arise. Jordan Kuwait Bank is looking forward to participate in initiating and financing these new investments. It is no doubt that the financial strength of the Bank will enable it to play a significant role in the coming period (jordan-kuwait-bank.com, august 2008).

4-6 Arab Banking Corporation (ABC), Jordan

Arab Banking Corporation (B.S.C.) ("ABC") was incorporated as a Bahrain joint stock company on 17th January 1980 by Amiri degree in Kingdom of Bahrain and was issued an Offshore Banking Unit license by the Bahrain Monetary Agency on April 7, 1980 beginning its operations that month with an authorized capital of US$1,000 million. By April 1981, an amount of US$750 million was fully paid by ABC's original three

shareholders: the Ministry of Finance of Kuwait (later transferred to the Kuwait Investment Authority), the Libyan Secretariat of Treasury (whose shares were later transferred to the Central Bank of Libya) and the Abu Dhabi Investment Authority. Each of the three shareholding groups held one-third of ABC's share capital until 1990. At the end of 1989, ABC's authorized capital was increased to US$1,500 million. In 1990, ABC listed its shares on the Bahrain and Paris stock exchanges and increased its paid-in capital to US$1,000 million by a public offering in Bahrain and an international private placement. ABC's strategy of diversified growth led to the development of its widespread network (the "ABC Group") of branches, representative offices, subsidiaries and affiliates in 21 countries around the world, including most principal international financial centers (arabbanking.com, august 2008).

Chapter Five
Data &
Methodology

Chapter five

Data and Methodology

5-1 Preface:

This study presents an examination of the performance of the Islamic Jordanian banks in comparison with commercial banks in Jordan. The primary objective will be to investigate the difference in performance between both types of banks. The methodology of this study is based on using financial ratio analysis (FRA), and the data envelopment analysis (DEA), in evaluating the banks performance. Following Sabi (1996) and Samad (1999) financial ratios used are: profitability ratios, liquidity ratios, and risk and solvency ratio.

This chapter consists of three sections. Section 5-2 describes the population and the sample, section 5-3 describes the data source, section 5-4 describes methodology used in the study, while the last section 5-5 describes the chapter summary.

5-2 Study Population and Sample:

(1) Population:

The population in this study consists of the Islamic Jordanian banks and all commercial banks in Jordan during the period 2000-2006. Where there are two Islamic banks and twenty one commercial banks.

(2) The Sample:

The sample consists of the two Jordanian Islamic banks: (1) Jordanian Islamic Bank for Finance and Investment (JIBFI) and (2) the Islamic International Arab Bank (IIAB). In addition three commercial banks chosen depend on their total assets that are most close to the total assets of these Islamic banks. These are Jordan Kuwait Bank (JKB) and Cairo Amman Bank (CAB) compared to JIBFI, and Arab Banking Corporation (ABC) in Jordan compared to IIAB.

5-3 Data source:

This study considers the data of five banks operating in Jordan over the period 2000-2006. The data used in this study are financial information, extracted and analyzed from the balance sheets and income statements which are available in the annual reports of the banks and in Jordanian Banks publications. Also other sources were used such as articles, journals, and websites.

5-4The Methodology:

5-4-1 Financial Ratio Analysis (FRA):

The FRA will be used in this thesis are those of profitability, liquidity, and risk, as detailed below.

a. Profitability Ratios:

The profitability can be judged by the following criteria.

1. ROA = Profit after tax/ total asset

2. ROE = Profit after tax/ equity capital

3. PER = profit/total expense. A high PER indicates that a bank is cost efficient and makes higher profit with a given expense.

Return on Assets (ROA) and Return on Equity (ROE) are the indicators of measuring managerial efficiency. ROA is net earnings per unit of a given asset. It shows how a bank can convert its asset into net earnings. The higher ratio indicates higher ability, and therefore is an indicator of better performance. Similarly, ROE is net earnings per dollar equity capital. The higher the ratio the higher the managerial performance . However, profitability is only part of bank performance story. A high Profit Expense Ratio (PER) indicates that a bank is cost efficient and makes higher profit with a given expense, (Sabi 1996 and Samad 1999).

b. Liquidity Ratios:

Bank and other depository institutions share liquidity risk because deposits and saving accounts can be withdrawn at any time. Thus, when withdrawal exceeds new deposit significantly over a short period, banks get into liquidity trouble. There are several measures for liquidity.

1. Cash deposit ratio (CDR) = cash/deposit. Cash in a bank vault is the most liquid asset of a bank. Therefore, a higher CDR indicates that a bank

is relatively more liquid than a bank with lower CDR. Depositors' trust to bank is enhanced when a bank maintains a higher cash deposit ratio.

2. Loan deposit ratio (LDR) = Loan/deposit.

A higher loan deposit ratio indicates that a bank takes more financial stress by making excessive loan. Therefore, lower loan deposit ratio is always favorable to higher loan deposit ratio.

3. Current ratio = Current asset (CA) / current liability (CL).

It indicates how the bank management has been able to meet current liability, i.e. demand deposit with the current asset. A high ratio is an index that shows bank has more liquid asset to pay back the trust (deposit) of the depositors. When withdrawals significantly exceed the new deposits banks usually recourse to replace this shortage of funds by selling securities. Government securities are easily sold and are considered liquid. As such the current ratio as measured above is expected to be more preferable to lower current ratio.

4. Current asset ratio (CAR) = current asset/total asset.

A high CAR indicates that a bank has more liquid asset. A lower ratio is a sign for illiquidity as more of the assets are long term in nature, (Sabi 1996 and Samad 1999).

C. Risk and Solvency Ratios:

There are two types of insolvency:

1-temporal or technical insolvency in which CA<CL

2-true (permanent) insolvency in which TA<TL

A bank is solvent when the total value of its asset is greater than its liability. A bank becomes risky if it is insolvent. The following are the commonly used measures for a risk and insolvency.

1. Debt equity ratio (DER) = Debt/equity capital.

2. Debt to total asset ratio (DAR) = Debt/total asset indicates the financial strength of a bank to pay back its debts.

3. Equity multiplier (EM) = total assets/share capital.

4. Loan to deposit ratio (LDR) = loans/deposit, (Sabi 1996 and Samad 1999).

5-4-2 Data Envelopment Analysis (DEA) measurement:

This study will follow Ho and Zhu (2003), which is based on the definition of efficiency, effectiveness and performance. This study will evaluate the performance of the Islamic banks in Jordan with other commercial banks through a two-stage evaluation process that measured performance:

Performance: In stage 1, k = Decision Making Units (DMUs) (companies); x = 1 inputs: Interest Expense; and y = 1 output: Interest Revenue.

In stage 2, k = DMUs (companies); x = 1 input: Non-Interest Expense; and y = 1 outputs: Non-Interest Revenue (Ho and Zhu, 2003, p. 107). The inputs and outputs are shown on table (5-1).

Table (5-1) Inputs and Outputs of Performance Measures in Stage 1 and 2

Stages	Inputs	Outputs
Stage 1	Interest Expense	Interest Revenue
Stage 2	Non-Interest Expense	Non-Interest Revenue

The DEA model demonstrated as follows: Assuming that there are k decision-making units and each (DMU) uses x inputs to produce y output. According to the Charnes, Cooper and Rodes (1978) (CCR) model, the following equation holds if the scale of return is constant:

Maximize $E_k = \sum_{i=1}^{m} V_{jk} Y_{jk}$

Subject to the constraints:

1) $\sum_{i=1}^{m} U_{ik} X_{ik} = 1,$

2) $\sum_{j=1}^{n} V_{jk} Y_{jk} - \sum_{i=1}^{m} U_{ik} X_{ik} \leq 0$

3) $U_{ik} \geq 0$, i = 1, 2, -------, m

4) $V_{jk} \geq 0$, j = 1, 2, -------, n

5) $\sum_{i=1}^{m} U_{ik} = \sum_{j=1}^{n} V_{jk}$

Where,

V_{jk} = the weight placed on jth output (Y_j) of the k_{th} DMU.

U_{ik} = the weight placed on ith input (Xi) of the kth DMU.

X_{ik} = the ith input parameter (X) of the kth DMU.

Y_{jk} = the jth output parameter (Y) of the kth DMU.

Ek = the relative performance score of kth DMU.

5-5 Summary

This chapter introduces the data to be used in the study and explained the methodology to be implemented.

Chapter Six

Data Analysis

Chapter Six

Data Analysis

6-1 Preface

This chapter examines Jordanian Islamic banks and the other commercial banks performance in terms of their ability to provide outputs with minimum inputs consumption. The analysis consists of two sections: financial ratio analysis and conventional input-output (I/O) DEA model.

6-2 Financial Ratio Analysis

In the ratio analysis, the study considered the liquidity ratios, profitability ratios, and risk and solvency ratios for all banks included in the sample. All these ratios were calculated and averaged for all banks, the results obtained showed in the table (6-1).

Table (6-1): Descriptive Statistics of Banks Financial Ratios during 2000-2006.

Company Name	PROFITABILITY RATIOS			LIQUIDITY RATIOS				RISK and SOLVENCY RATIOS			
	ROA	ROE	PER	CDR	LDR	CR	CAR	DER	DR	EM	LDR
IIAB	.9%	6.3%	77.3%	77.3%	55.3%	1.245	82.2%	27.6%	3.9%	7.004	55.3%
JIBFI	.5 %	7.6%	31.2%	71.5%	55.3%	1.047	89.7%	27.3%	1.7%	15.44	55.3%
JKB	1.7%	18.9%	95.7%	54.3%	67.4%	1.168	95.8%	91.2%	8.0%	11.19	67.4%
ABC	1.5%	13.1%	57.2%	54.3%	57.6%	1.116	90.3%	75.1%	8.1%	9.418	57.6%
CAB	.9%	8.5%	32.2%	57.1%	42.5%	1.113	95.2%	96.6%	5.9%	15.31	42.5%

Source: prepared by the researcher.

The previous table gives average financial ratios that used in measuring the banks performance. The next important step in the ratio analysis is to make two comparisons: the first one includes Jordan Islamic Bank with Jordan Kuwait Bank and Cairo Amman Bank. The second one is

comparing Islamic International Arab Bank (IIAB) with the Arab Banking Corporation (ABC) Bank. The first comparison showed in table (6-2).

Table (6-2) Comparison between Jordan Islamic Bank with Jordan Kuwait Bank and Cairo Amman Bank in terms of Financial Ratios .

Company Name	PROFITABILITY RATIOS			LIQUIDITY RATIOS				RISK and SOLVENCY RATIOS			
	ROA	ROE	PER	CDR	LDR	CR	CAR	DER	DR	EM	LDR
JIBFI	0.005	0.076	0.312	0.715	0.553	1.047	0.897	0.273	0.017	15.44	0.553
JKB	0.017	0.189	0.957	0.543	0.674	1.168	0.958	0.912	0.080	11.19	0.674
CAB	0.009	0.085	0.322	0.571	0.425	1.113	0.952	0.966	0.059	15.31	0.425

Source: prepared by the researcher.

From the above table, we can conclude that JIBFI has profitability ratios (ROA, ROE, and PER) less than JKB and CAB that is commercial banks are more profitable than the Islamic bank. In terms of liquidity ratios, the above table showed that JIBFI has CDR ratio of 0.715 which is higher than the ratio for JKB and CAB, and the LDR ratio for JIBFI is less than the ratio for JKB, but it is higher than CAB. Also in CR and CAR ratios we found that JIBFI has lower ratios than JKB and CAB, therefore we can conclude that JKB and CAB have liquidity more than JIBFI the commercial banks are more liquid than the Islamic bank. In terms of risk and solvency ratios we found that DER and DR ratios for JKB and CAB is higher than JIBFI, and found that JIBFI has EM ratio higher than JKB and CAB, and the LDR ratio for JIBFI is less than the ratio for JKB, but it is higher than CAB the commercial banks are more risky than the Islamic bank.

Table (6-3) ONE-WAY ANOVA

The Relationship between JIBFI, JKB, CAB					
Level	N	Mean	Std. Dev	F-Value	P-Value
1	11	1.808	4.535	0.01	0.987
2	11	1.578	3.211		
3	11	1.840	4.484		
Sig at $\alpha \leq 0.05$					

Source: prepared by the researcher.

Table (6-3) shows that there is no significant difference between JIBFI (level 1), JKB (level 2), and CAB (level 3), where the difference between the means is insignificant, and F-Value reached to (0.01), and the P-Value is (0.987). Therefore, we can conclude that ANOVA supports that the performances are not statistically different from each other, therefore, this results supports the first null performance hypothesis.

The second comparison showed in table (6-3).

Table (6-4) The Comparison between Islamic International Arab Bank with ABC Bank in terms of Financial Ratios.

Company Name	PROFITABILITY RATIOS			LIQUIDITY RATIOS				RISK and SOLVENCY RATIOS			
	ROA	ROE	PER	CDR	LDR	CR	CAR	DER	DR	EM	LDR
IIAB	0.009	0.063	0.773	0.773	0.553	1.245	0.822	0.276	0.039	7.004	0.553
ABC	0.015	0.131	0.572	0.543	0.576	1.116	0.903	0.751	0.081	9.418	0.576

Source: prepared by the researcher.

From the above table we found that ABC has ROA and ROE higher than IIAB, and has lower PER ratio than IIAB, therefore we can conclude that the commercial bank almost more profitable. In terms of liquidity

ratios we found that IIAB has CDR and CR ratios higher than ABC, and in the other side we found that IIAB has LDR and CAR less than ABC, which is indicates that liquidity almost the same for the 2 banks. In terms of risk and solvency ratios we found that IIAB has DER, DR, EM, and LDR less than ABC, which indicates that the commercial bank (ABC) is more risky than the Islamic bank (IIAB).

Table (6-5) ONE-WAY ANOVA

The Relationship between IIAB, ABC					
Level	N	Mean	Std. Dev	F-Value	P-Value
1	11	1.101	1.996	0.05	0.820
2	11	1.335	2.703		
Sig at $\alpha \leq 0.05$					

Source: prepared by the researcher.

Table (6-5) shows that there is no significant difference between IIAB (level 1) and ABC (level 2), where the difference between the means is insignificant, and F-Value reached to (0.05), and the P-Value is (0.820). Therefore, we can conclude that ANOVA supports that the performances are not statistically different from each other, also this results supports the first null performance hypothesis.

6-3 DEA Analysis

The Efficiency Measurement System (EMS) thoghftware is used to measure banks performance included in the sample of the study. The data analyzed through input oriented approach DEA at CRS. We considered

interest expense and non-interest expense as a model inputs, and the interest revenue and non-interest revenue as outputs. The DEA Model results are summarized in the table (6-4).

Table (6-6) Banks Performance scores 2000-2006

DMUs	2000	2001	2002	2003	2004	2005	2006
HAB	0.595	0.550	0.600	0.601	0.682	0.736	0.966
JIBFI	0.462	0.466	0.633	0.587	0.447	0.621	0.622
JKB	0.498	0.464	0.509	0.679	0.744	0.715	0.937
ABC	0.409	0.430	0.506	0.789	0.989	0.864	0.529
CAB	0.461	0.468	0.582	0.855	1.000	1.000	0.803

Source: prepared by the researcher.

Table (6-7) Statistical Summary of Banks Performance Scores 2000-2006

DMUs	Average	Max	Min	Std. Deviation
CAB	0.739	1.000	0.461	0.234
HAB	0.676	0.966	0.550	0.142
JKB	0.649	0.937	0.464	0.170
ABC	0.645	0.989	0.409	0.231
JIBFI	0.548	0.633	0.447	0.086
Mean	0.651	0.905	0.466	0.173

Source: prepared by the researcher.

Table (6-8) Average Performance Scores for Banks Sample during 2000-2006

Year	Average	Max	Min	Std. Deviation
2000	0.485	0.595	0.409	0.069
2001	0.476	0.550	0.430	0.044
2002	0.566	0.633	0.506	0.056
2003	0.702	0.855	0.587	0.117
2004	0.772	1.000	0.447	0.231
2005	0.787	1.000	0.621	0.147
2006	0.771	0.966	0.529	0.192

Source: prepared by the researcher

Table (6-9) Performance comparison between Jordanian Islamic Bank with Jordan Kuwait Bank and Cairo Amman Bank.

DMUs	Average	max	Min	Std. Deviation
JIBFI	0.548	0.633	0.447	0.086
JKB	0.649	0.937	0.464	0.170
CAB	0.739	1.000	0.461	0.234

Source: prepared by the researcher.

Table (6-9) shows that JIBFI has the lowest average performance and standard deviation during the study period reached 0.548, .086 respectively, while JKB and CAB have higher average performance and standard deviation reached 0.649, 0.739 and 0.170, 0.234 respectively.

Table (6-10) ONE-WAY ANOVA

The Relationship between JIBFI, JKB, CAB					
Level	N	Mean	Std. Dev	F-Value	P-Value
1	7	0.5483	0.0855	2.09	0.153
2	7	0.6494	0.1702		
3	7	0.7384	0.2342		
Sig at $\alpha \leq 0.05$					

Source: prepared by the researcher.

Table (6-10) shows that there is no significant difference between JIBFI (level 1), JKB (level 2), and CAB (level 3), where the difference between the means is insignificant, and F-Value reached to (2.09), and the P-Value is (0.153). Therefore, we can conclude that ANOVA supports that the performances are not statistically different from each other, therefore, this results supports the third null performance hypothesis.

Table (6-11) Performance comparison between Islamic International Arab Bank with Arab Banking Corporation.

DMUs	Average	max	Min	Std. Deviation
IIAB	0.676	0.966	0.550	0.142
ABC	0.645	0.989	0.409	0.231

Source: prepared by the researcher.

Table (6-11) shows that both banks have are approximately the same average performance during the study period reached 0.676, .0645 respectively, while bank one has low standard deviation reached 0.142, compared to that of ABC reached 0.231.

Table (6-12) ONE-WAY ANOVA

The Relationship between IIAB, ABC					
Level	N	Mean	Std. Dev	F-Value	P-Value
1	7	0.6757	0.1423	0.09	0.771
2	7	0.6451	0.2316		
Sig at $\alpha \leq 0.05$					

Source: prepared by the researcher.

Table (6-12) shows that there is no significant difference between IIAB (level 1) and ABC (level 2), where the difference between the means is insignificant, and F-Value reached to (0.09), and the P-Value is (0.771). Also ANOVA results supports that the performances are not statistically different from each other, also this results supports the third null performance hypothesis.

6-4 Ratio Analysis between the 2 Islamic Banks

Table (6-13) The Comparison between Jordan Islamic Bank and Islamic International Arab Bank in terms of Financial Ratios.

Company Name	PROFITABILITY RATIOS			LIQUIDITY RATIOS				RISK and SOLVENCY RATIOS			
	ROA	ROE	PER	CDR	LDR	CR	CAR	DER	DR	EM	LDR
IIAB	0.009	0.063	0.773	0.773	0.553	1.245	0.822	0.276	0.039	7.004	0.553
JIBFI	0.005	0.076	0.312	0.715	0.553	1.047	0.897	0.273	0.017	15.44	0.553

Source: prepared by the researcher.

From the above table we found that the profitability Ratios for IIAB are higher than JIBFI, therefore, we can conclude that IIAB almost more profitable. In terms of liquidity ratios we found that IIAB has CDR and CR

ratios higher than JIBFI, and in the other side we found that IIAB has the same LDR and CAR less than JIBFI, which is indicates that IIAB is more liquid than JIBFI. In terms of risk and solvency ratios we found that IIAB has DER and DR higher than JIBFI, and has the same LDR. Risk and solvency ratios indicate that IIAB is more risky than JIBFI.

Table (6-14) ONE-WAY ANOVA

The Relationship between IIAB, JIBFI					
Level	N	Mean	Std. Dev	F-Value	P-Value
1	11	1.101	1.996	0.22	0.641
2	11	1.808	4.535		
Sig at $\alpha \leq 0.05$					

Source: prepared by the researcher.

Table (6-14) shows that there is no significant difference between IIAB (level 1) and JIBFI (level 2), where the difference between the means is insignificant, and F-Value reached to (0.22), and the P-Value is (0.641). Therefore, we can conclude that ANOVA supports that the performances between the two Islamic banks are not statistically different from each other, therefore, this results supports the second null performance hypothesis.

6-4 DEA Analysis between the 2 Islamic Banks

Table (6-15) The Comparison between Jordan Islamic Bank and Islamic International Arab Bank in terms of DEA Analysis.

DMUs	Average	max	Min	Std. Deviation
IIAB	0.676	0.966	0.550	0.142
JIBFI	0.548	0.633	0.447	0.086

Source: prepared by the researcher.

Table (6-15) shows that JIBFI has the average performance and standard deviation during the study period reached 0.548, .086 respectively, while IIAB has average performance and standard deviation reached 0.676 and 0.142 respectively. Therefore, we can conclude from the above table that IIAB has a higher performance than JIBFI.

Table (6-16) ONE-WAY ANOVA

The Relationship between IIAB, JIBFI					
Level	N	Mean	Std. Dev	F-Value	P-Value
1	7	0.6757	0.1423	4.12	0.065
2	7	0.5483	0.0855		
Sig at $\alpha \leq 0.05$					

Source: prepared by the researcher.

Table (6-16) shows that there is no significant difference between IIAB (level 1) and JIBFI (level 2), where the difference between the means is insignificant, and F-Value reached to (4.12), and the P-Value is (0.065). Also ANOVA results supports that the performances between the two Islamic banks are not statistically different from each other, therefore, this results supports the fourth null performance hypothesis.

6-5 Summary

In contrast with the FRA, DEA indicated that the commercial banks are more profitable and more liquid than the Islamic banks, but this difference in the profit and liquidity statistically insignificant, therefore we can conclude that the commercial banks performing better than the Islamic

banks, but not in a big manner. In terms of risk and solvency ratios the analysis showed that the commercial banks are more risky than the Islamic banks, but also this difference in risk is statistically insignificant, which supports the first null risk hypothesis. Also the DEA analysis results stands behind the results of FRA and showed that commercial banks achieved a performance scores higher than the scores for the Islamic banks, but also this difference statistically insignificant. In the comparison between the two Islamic banks the results showed that there is no significantly difference in performance between them, also in the term of risk the results showed that there is no significantly difference between the two Islamic banks, which is supports the second null risk hypothesis.

Chapter Seven
Conclusions & Recommendations

Chapter Seven

Conclusions and Recommendations

7-1 Conclusions

1. Commercial banks have a liquidity and profitability ratios higher than Islamic banks, which is mean that the commercial banks performing better than Islamic banks.

2. Commercial banks have a higher risk and solvency ratios than the Islamic banks, which indicates that the result of the commercial banks are more risky than the Islamic banks, and that is because of Islamic banks are more conservative than the commercial banks in terms of liquidity and that's to avoid the deficit in their liquidity and also to avoid borrowing so to avoid debt interest.

3. IIAB is more profitable and liquid than JIBFI and in the same time the IIAB is more risky than the JIBFI.

4. There is no deference between the FRA and DEA in measuring performance because the tow analysis gives us the same results that the performances of commercial banks are better than the performance of Islamic banks.

5. Statistical tests analysis supports all null performance hypothesis which saying that there is no significantly deference between the

performance of Islamic banks and the other commercial banks, and among Islamic banks included in the sample.

6. Statistical tests results showed that there is no significantly difference in risk between the Islamic banks and commercial banks, which is supports the first null risk hypotheses.

7. Also statistical tests results denied the second alternative risk hypotheses that say the risk of the two Islamic banks in the sample is varying.

7-2 Recommendations

1. Islamic Banks managers should improve the profitability ratios and liquidity ratios to get at the optimal levels, in order to maximize their performance.
2. The bottom line is that the performance of banks must be evaluated by using both financial ratios and DEA.
3. Islamic banks in Jordan should follow some criteria and promotion programs in order to attract more clients, which help to increase their deposits.
4. Islamic banks in Jordan should be working together especially in borrowing in order to increase their competition with the other commercial banks.

5. Islamic banks in Jordan should improve their customer service and that's to maintain their clients and it should follow the modern systems in order to rise up their financial services.

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Appendices

Appendix A:

Financial Ratio Analysis of Banks included in the sample 2000-2006

IIAB

Item	2000	2001	2002	2003	2004	2005	2006
PROFITABILITY RATIOS							
ROA	0.015909	0.011381	0.005809	0.005171	0.003695	0.00935	0.013903
ROE	0.069388	0.063261	0.038829	0.040751	0.029494	0.069236	0.127263
PER	1.204816	0.937561	0.457506	0.486904	0.31312	0.541748	1.46929
LIQUIDITY RATIOS							
CDR	1.205941	0.666682	0.615699	0.604275	0.573978	0.548484	1.196505
LDR	0.826219	0.500326	0.419451	0.383502	0.357828	0.502852	0.880984
CURRENT RATIO(CR)	2.400506	1.151509	1.037867	1.012549	0.927858	1.03823	1.148201
CAR	0.973282	0.893987	0.85195	0.855387	0.766015	0.820327	0.593108
RISK & SOLVENCY RATIOS							
DER	0.126484	0.243132	0.19743	0.223279	0.392457	0.554097	0.198283
DR	0.029	0.043739	0.029535	0.02833	0.049161	0.07483	0.021661
EM	4.361439	5.558661	6.684565	7.881219	7.983068	7.404703	9.153817
LDR	0.826219	0.500326	0.419451	0.383502	0.357828	0.502852	0.880984

JIBFI

Item	2000	2001	2002	2003	2004	2005	2006
PROFITABILITY RATIOS							
ROA	0.003238	0.001434	0.00257	0.003285	0.002955	0.009936	0.010579
ROE	0.040613	0.018843	0.036844	0.056237	0.056846	0.188995	0.134185
PER	0.160272	0.068236	0.10407	0.155924	0.170679	0.749874	0.774339
LIQUIDITY RATIOS							
CDR	0.651819	0.712516	0.565266	0.795296	0.80313	0.757179	0.719014
LDR	0.9899	0.621778	0.473733	0.477209	0.436643	0.430695	0.440082
CURRENT RATIO	1.078773	1.025852	1.054824	1.086093	1.069151	0.931345	1.085734
CAR	0.960744	0.930884	0.847147	0.894819	0.866102	0.857452	0.918837
RISK & SOLVENCY RATIOS							
DER	0.372152	0.216115	0.077834	0.259945	0.421435	0.509095	0.051912
DR	0.029674	0.016451	0.005429	0.015185	0.021906	0.026765	0.004093
EM	12.54137	13.13667	14.33688	17.11905	19.2385	19.0206	12.68448
LDR	0.9899	0.621778	0.473733	0.477209	0.436643	0.430695	0.440082

JKB

Item	2000	2001	2002	2003	2004	2005	2006
PROFITABILITY RATIOS							
ROA	0.009402	0.013003	0.016204	0.019268	0.02106	0.018171	0.023722
ROE	0.124972	0.137687	0.175635	0.203719	0.222288	0.248955	0.208536
PER	0.381051	0.547501	0.621461	0.933034	1.313686	1.253198	1.647177
LIQUIDITY RATIOS							
CDR	0.662929	0.561665	0.552846	0.573529	0.48359	0.579371	0.384942

LDR	0.468711	0.587862	0.584809	0.623089	0.709571	0.763736	0.978531
CURRENT RATIO	1.077753	1.13517	1.116984	1.158628	1.155992	1.276785	1.252251
CAR	0.972471	0.947394	0.951942	0.954622	0.962953	0.961273	0.955818
RISK & SOLVENCY RATIOS							
DER	0.298533	0.751515	0.601482	0.861605	0.762591	2.385649	0.720119
DR	0.022458	0.070975	0.055494	0.081493	0.072249	0.174126	0.081916
EM	13.29278	10.58849	10.83864	10.57276	10.55508	13.70072	8.790964
LDR	0.468711	0.587862	0.584809	0.623089	0.709571	0.763736	0.978531

ABC BANK

Item	2000	2001	2002	2003	2004	2005	2006
PROFITABILITY RATIOS							
ROA	0.005709	0.005263	0.008163	0.017463	0.017802	0.02896	0.021233
ROE	0.059808	0.059195	0.084507	0.166143	0.154865	0.224795	0.167088
PER	0.190425	0.178179	0.252586	0.591405	0.574902	1.193311	1.021798
LIQUIDITY RATIOS							
CDR	0.555873	0.550446	0.530656	0.640492	0.556826	0.470607	0.493086
LDR	0.49409	0.519766	0.527358	0.57244	0.597069	0.640006	0.682132
CURRENT RATIO	1.096622	1.103489	1.12082	1.193981	1.23551	1.133272	0.931546
CAR	0.952137	0.934028	0.940507	0.911486	0.90671	0.880488	0.795011
RISK & SOLVENCY RATIOS							
DER	0.337134	0.727332	0.665533	1.251023	1.31515	0.731425	0.229141
DR	0.032179	0.064664	0.064285	0.131492	0.151176	0.094228	0.029118
EM	10.47685	11.24791	10.35289	9.514066	8.699482	7.762285	7.869312
LDR	0.49409	0.519766	0.527358	0.57244	0.597069	0.640006	0.682132

CAB

Item	2000	2001	2002	2003	2004	2005	2006
PROFITABILITY RATIOS							
ROA	0.004279	-0.00184	-0.00161	0.005094	0.012712	0.025707	0.016328
ROE	0.091561	-0.03258	-0.03607	0.092773	0.144806	0.193161	0.139245
PER	0.122554	-0.04515	-0.04301	0.14489	0.48806	1.106939	0.479847
LIQUIDITY RATIOS							
CDR	0.591943	0.574698	0.616899	0.655095	0.579627	0.536401	0.445535
LDR	0.386552	0.411333	0.378372	0.379459	0.408901	0.473872	0.533613
CURRENT RATIO	1.061044	1.091518	1.103101	1.08324	1.092222	1.206841	1.151309
CAR	0.949283	0.944859	0.952647	0.95134	0.95229	0.946109	0.966996
RISK & SOLVENCY RATIOS							
DER	0.893533	1.380784	2.059172	1.217468	0.459358	0.623339	0.126144
DR	0.041756	0.077926	0.091807	0.066853	0.040327	0.082958	0.014792
EM	21.39891	17.71916	22.42936	18.21118	11.3909	7.513896	8.527804
LDR	0.386552	0.411333	0.378372	0.379459	0.408901	0.473872	0.533613

Appendix B:

Inputs and Outputs used in DEA analysis for banks 2000-2006

JIBFI							
Input	2006	2005	2004	2003	2002	2001	2000
interest expense	23506927	22906927	21539755	14736187	12009033	15527133	14207133
non-interest expense	11008860	9358860	5318169	6893538	6350814	5106860	4111860
Output	2006	2005	2004	2003	2002	2001	2000
Interest revenue	54894508	53394508	36164405	32496599	28549262	27149097	24649097
non-interest revenue	15671727	14665697	9531603	7802332	6246260	4556288	3455634
CAB							
Input	2006	2005	2004	2003	2002	2001	2000
interest expense	22562660	13759166	9391980	11369986	19198476	31426469	29470129
non-interest expense	2056831	795595	1514308	8329822	11507582	11757477	10427607
Output	2006	2005	2004	2003	2002	2001	2000
interest revenue	65468548	48756826	35267248	36002859	41950338	55254096	51053826
non-interest revenue	18218349	28636969	13245234	15366447	10139380	13271882	11621772
JKB							
Input	2006	2005	2004	2003	2002	2001	2000
interest expense	45435529	22184214	15086496	13889136	18794403	23225084	19514850
non-interest expense	4076480	2667710	2756601	3102359	5808242	4569377	3249377
Output	2006	2005	2004	2003	2002	2001	2000
interest revenue	102634139	58215998	42146518	35300349	35920528	40480312	36499547
non-interest revenue	88618578	24375999	15236505	13585664	12977345	7415424	5295103
HAB							
Input	2006	2005	2004	2003	2002	2001	2000
interest expense	4767821	4281433	2721046	3171509	3068203	3746361	3068336
non-interest expense	2534250	2349390	1159035	1217291	1396704	1240206	1043650
Output	2006	2005	2004	2003	2002	2001	2000
interest revenue	17298669	11233820	5963940	6942520	6771810	6484490	6164490
non-interest revenue	5684225	6317104	3860432	3383572	3024309	4290203	3799657
ABC							
Input	2006	2005	2004	2003	2002	2001	2000
interest expense	15621457	8376363	5026918	5365621	8250417	10656546	9156195
non-interest expense	4995302	4844054	325467	2429619	3810591	3646773	3335788
Output	2006	2005	2004	2003	2002	2001	2000
interest revenue	30612925	20295226	14934792	13850802	15633862	17221128	14055660
non-interest revenue	12923819	15055463	10344148	8806831	5997115	4787358	3737135

Appendix C:

DEA analysis Results for the Sample 2000-2006

DMUs	2000	2001	2002	2003	2004	2005	2006
IIAB	0.595	0.550	0.600	0.601	0.682	0.736	0.966
JIBFI	0.462	0.466	0.633	0.587	0.447	0.621	0.622
JKB	0.498	0.464	0.509	0.679	0.744	0.715	0.937
ABC	0.409	0.430	0.506	0.789	0.989	0.864	0.529
CAB	0.461	0.468	0.582	0.855	1.000	1.000	0.803

ملخص

"تقييم أداء البنوك الإسلامية الأردنية مقارنة بالبنوك التجارية خلال الفترة 2000-2006"

إعداد: محمد اليحيى

إشراف:

الدكتور محمد العجلوني

تهدف هذه الدراسة أولاً الى قياس كفاءة البنوك الإسلامية مقارنة بالبنوك التجارية في الأردن, وثانياً مقارنة كفاءة البنكين الإسلاميين الأردنيين وهما البنك الإسلامي الأردني للإستثمار والبنك العربي الإسلامي الدولي فيما بينهما, باستخدام تحليل النسب المالية و برنامج تحليل البيانات المستترة (DEA) لقياس كفاءة البنوك المتضمنة في عينة الدراسة. وقد تضمن تحليل النسب المالية استخدام نسب الربحية ونسب السيولة ونسب المخاطر لقياس الكفاءة, وقد تم استخدام البرنامج الأخر في التحليل لتدعيم صحة النتائج .

لقد أظهرت نتائج النموذجين نفس المؤشرات من حيث تحليل كفاءة البنوك, حيث تبين أن البنوك التجارية أكفئ من البنوك الإسلامية في الآداء. وقد تم تقسيم العينة إلى مجموعتين, احتوت على البنكين الإسلامين بالإضافة إلى ثلاثة بنوك تجارية اختيرت بناء على التقارب في اجمالي الموجودات لدى هذه البنوك مع البنكين الإسلاميين, الأولى ضمت البنك الإسلامي الأردني للإستثمار وقورن بالبنكين التجاريين الأول هو البنك الأردني الكويتي والثاني هو بنك القاهرة عمان والمجموعة الثانية ضمت البنك العربي الإسلامي الدولي مع بنك المؤسسة العربية المصرفية, حيث كانت النتيجة في كلا المجموعتين أن البنوك التجارية أكفئ وأفضل اداءً من البنوك الإسلامية, وقامت هذه الدراسة ايضاً بمقارنة البنكين الإسلاميين ببعضهما وتبين أن البنك العربي الإسلامي

الدولي أكفئ من البنك الإسلامي الأردني للإستثمار. وأوصت هذه الدراسة بتحسين نسب الربحية و السيولة في البنوك الإسلامية في الأردن وتحسين خدمة العملاء من قبل البنوك الإسلامية وتطويرها. يمكن وصف مشكلة هذه الدراسة بأفضل طريقة من خلال السؤال التالي كيف هو أداء البنوك الإسلامية بالمقارنة مع البنوك التجارية. واهمية هذه الدراسة تنبع من حقيقة أن دراسة أداء البنوك الإسلامية بالمقارنة مع البنوك التجارية في الأردن لم تتعرض إلى ما يكفي من البحوث.